

**BEFORE THE U.S. DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY**

Section 232 Investigation on the Effect of
Imports of Steel on U.S. National Security

Oral Presentation of Byeong Bae Lee, President, Hyundai Steel America

1. Good morning. My name is Byeong Bae Lee. I am the President of Hyundai Steel America, located in Greenville, Alabama.

2. Hyundai Motor Manufacturing Alabama, LLC or “HMMA” is a U.S. automobile manufacturer located in Montgomery, Alabama. Kia Motors Manufacturing Georgia or “KMMG” is a U.S. automobile manufacturer located in West Point, Georgia. Hyundai Steel operates a steel processing center in Greenville, Alabama that processes cold-rolled and corrosion-resistant steel for HMMA, KMMG, and other Automobile Companies, as well as for the suppliers of parts and components to those companies. All three companies are affiliated with Hyundai Steel of Korea, a Korean producer of various steel products.

3. Hyundai has invested approximately \$2.1 billion in the three establishments, with a plan of future investment of approximately \$3.1 billion. The details are as follows: HMMA was established in 2005. The total investment has been approximately \$1.7 billion. HMMA employs approximately 3,500 American workers. In 2016, HMMA purchased approximately 170,000 tons of

cold-rolled and corrosion-resistant steel -- 49,000 tons were purchased from domestic steel producers, and 121,000 tons were imported from Korea and Japan.

4. KMMG was established in 2010. The total investment in KMMG has been approximately \$1.1 billion. KMMG employs approximately 3,000 American workers. In 2016, KMMG purchased approximately 208,000 tons of cold-rolled and corrosion-resistant steel -- 59,000 tons were purchased from domestic steel producers, and 149,000 tons were imported from Korea and Japan.

5. Hyundai Steel America is a steel processing center for cold-rolled and corrosion-resistant steel. Hyundai Steel was established in 2003 with a total investment of approximately \$82 million. Hyundai Steel employs approximately 140 employees. Going forward, Hyundai Steel plans to purchase approximately 40 percent of the cold-rolled and corrosion-resistant steel purchased from domestic steel producers. The balance will be imported from Japan, Korea, and other sources.

6. HMMA and KMMG have a plan to invest approximately \$3.1 billion in upgrading and expanding their domestic U.S. manufacturing operations. The investment in these automobile facilities was based on the assumption that HMMA and KMMG would be able to purchase high quality cold-rolled and corrosion-resistant steel from domestic and imported sources. Roughly 10 percent of Hyundai's Steel requirements are not available from domestic steel manufacturers

in the qualities and tolerances required. Hyundai's access to steel is threatened by this action and thus jeopardizes the investments already made as well as the planned investments.

7. The volume of cold-rolled and corrosion-resistant steel required directly for national defense needs is limited, and Hyundai believes that existing domestic capacity is more than adequate to meet current and projected national defense requirements.

8. For auto makers like HMMA and KMMG, by far the most important factors in purchasing cold-rolled and corrosion-resistant steel are product quality and product uniformity. Different auto parts require specific qualities, but flatness, no wave, and low reject rates are always important. HMMA and KMMG are not following a policy of purchasing from their Korean affiliates. To the contrary, HMMA and KMMG prefer to purchase from U.S. suppliers where the steel is available and meets these quality requirements.

9. With the emphasis on light weight vehicles to maximize fuel efficiency, there is an emphasis on high tensile strength steel. Some U.S. producers produce some grades and qualities required, but they do not produce other grades and qualities. Both HMMA and KMMG require increased quantities of Advanced High Strength Steel ("AHSS") and Ultra High Strength Steel ("UHSS"). These high strength steels are difficult to produce and not all domestic

steel producers produce these qualities in the dimensions and to the tolerances demanded by KMMG and HMMA.

10. The investment in KMMG, HMMA, and Hyundai Steel have increased employment and provided jobs and economic activity in the communities where they are located that previously did not exist. The companies have increased domestic purchases of steel, providing customers and opportunities that did not previously exist.

11. At the same time, these investments demand the ability to also access high quality imports of cold-rolled and corrosion-resistant steel. As noted, some of these grades and qualities are not available from U.S. producers. In addition, because HMMA's and KMMG's research center for development of new models is located in Korea, new models are often designed initially using Korean and Japanese steel due to the ease of logistics.

12. Existing trade remedy laws already protect the domestic steel industry against unfair subsidization and dumping. Further restrictions are not necessary.

13. Thank you and I am prepared to answer any questions you may have.